

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

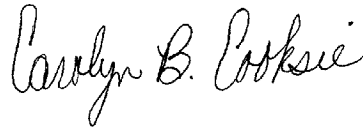
**Notice FLP-73**

1941-A, 1943-A, 1945-D

**For:** State and County Offices

**Farming Experience and Managerial Ability**

**Approved by:** Deputy Administrator, Farm Loan Programs



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**1 Overview**

**A**

**Background**

FmHA Instructions 1941-A, 1943-A, and 1945-D, require eligible applicants to have applicable education or on-the-job training or farming experience in managing and operating a farm or ranch that indicates the managerial ability necessary to ensure reasonable prospects of success in the proposed plan of operation. By statute, eligible applicants for a direct farm ownership (FO) loan must also have operated a farm or ranch for at least 3 years.

**B**

**Purpose**

This notice provides:

- guidance in determining sufficient applicable education, training, and experience for program eligibility under FmHA Instructions 1941-A, 1943-A, and 1945-D, including the 3-year operating requirement for a direct FO loan
- some examples of adequate farming experience for eligibility requirements under FmHA Instructions 1941-A, 1943-A, and 1945-D.

**Note:** The guidance in this notice should ensure greater uniformity of interpretation among States and County Offices in the review of loan applications. Decisions makers should not rely solely on the examples given.

**C**

**Contact**

State Offices shall direct questions about this notice to LMD at 202-720-1632.

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**Disposal Date**

July 1, 2000

**Distribution**

State Offices; State Offices relay to County Offices

## 2 Education, Training, and Farming Experience Requirements

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### A

#### Overview

Meeting any of the criteria in this paragraph could comply with the eligibility requirement for education, training, or farming experience. The requirement also may be met by some combination of these or other items. Each application must be considered on a case-by-case basis.

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### B

#### Applicable Education

To meet the requirement through education alone, the applicant must provide evidence of either of the following:

- completion of a comprehensive educational program in agriculture
- a combination of hands-on experience and education that would be equivalent to a comprehensive education program.

The education must be relevant to the planned operation.

Some examples of applicable education that meet the requirement are that the applicant:

- obtained a 4-year college degree in agriculture business, horticulture, animal science, agronomy, or other agricultural field
- obtained a 2-year degree from a technical college in agriculture business, horticulture, animal science, agronomy, or other agriculture field, **and** have experience working on a farm
- successfully completed vocational or general agriculture classes in high school, participated in and successfully completed applicable projects in 4-H, Future Farmers of America, or another agricultural affiliated group **and** have experience working on a farm
- was raised and worked on, or is currently working on, a farm and has successfully completed related enterprise farm management courses offered by Cooperative Extension Service, community college, adult vocational agricultural program, land grant university, or a similar program with academic integrity.

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## 2 Education, Training, and Farming Experience Requirements (Continued)

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### C

#### **On-the-Job Training**

To meet the requirement through on-the-job training alone, the applicant must be currently working, or have recently worked as hired farm labor with an agriculture producer, in operating a farm or ranch, as part of an apprenticeship program.

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### D

#### **Farming Experience**

To meet the requirement through farming experience alone, 1 of the following must have occurred:

- applicant must have been an owner (of the business, but not necessarily the land), manager and operator of a farm operation for at least 1 year's complete production and marketing cycle as evidenced by tax returns, FSA farm records, or similar documentation
- applicant must have been employed as a farm manager or farm management consultant for at least 1 year's complete production and marketing cycle
- applicant must have participated in management and operation of a farm by virtue of being raised on a farm, and have held significant responsibility for day-to-day management decisions for at least 1 year's complete production and marketing cycle on the farm. Examples of such responsibilities include, but are not limited to:
  - decisions to cull livestock
  - selection of seed varieties and weed control programs
  - determining whether equipment should be repaired or replaced
  - selection of input suppliers
  - selection of feeding programs or strategies.

Compliance with the experience requirement through the second or third bulleted items in this subparagraph must be thoroughly documented to verify that the applicant did indeed have management responsibilities and did not function solely as a laborer.

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**2 Education, Training, and Farming Experience Requirements (Continued)**

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**E**

**Operation of a  
Farm for Direct  
Farm Ownership**

In addition to meeting the education, training, or farming experience requirement, eligible direct FO loan applicants must have operated a farm or ranch for at least 3 years. This is a statutory requirement and cannot be waived.

IF the applicant is...	THEN to be an operator...
an individual	the applicant must have materially and substantially participated and provided day-to-day labor and management of the farm or ranch, such that if the individual did not provide these inputs, operation of the farm or ranch would be seriously impaired.
an entity	one or more members of the entity holding a majority interest in the business entity must have materially and substantially participated in the operation of the farm or ranch. Material and substantial participation requires that the members provided a significant amount of management, or management and labor necessary for day-to-day activities, such that if the members did not provide these inputs, operation of the farm or ranch would be seriously impaired.

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